



CITY OF HAYWARD

AGENDA REPORT

AGENDA DATE 12/14/99

AGENDA ITEM 4

WORK SESSION ITEM _____

TO: Mayor and City Council

FROM: Director of Public Works

SUBJECT: Authorization for the City Manager to Execute a Commercial Aviation Site Lease
Between the City and William Field, an Individual

RECOMMENDATION:

It is recommended that City Council authorize the City Manager to execute a Commercial Aviation Site Lease with William Field, an individual.

BACKGROUND/DISCUSSION:

This Hayward Airport leasehold, at 22005 Skywest Drive, is located on the "aviation-side" of Skywest Drive adjacent to the East T-Hangar Complex (see Exhibits A and B). There has been no use of the property since Performance Aircraft ended its operation at the site as an aircraft sales facility and terminated its lease due to bankruptcy in June 1990. The prospective leasehold property currently includes ramp area, tie-down spaces, and a 40-foot by 150-foot long sheet metal roof supported by steel frame "T" supports. Under the north end of the roof is a small, 28-foot wide by 40-foot long wood frame modular building. The building is in poor condition, as is the metal canopy. Mr. Field intends to demolish the existing metal roof shelter and wood frame modular building in order to construct a 170 ft. by 200 ft. aircraft hangar (fully sprinklered) with related offices and maintenance areas (see Exhibit C).

Occupancy is classified as an aircraft hangar with metal construction. Mr. Field's hangar will provide storage for his own vintage aircraft, conference facilities for the Bay Area EAA Vintage Aircraft Association Chapter 29, and a public viewing area for classic and antique aircraft in a museum-type atmosphere. Additionally, Mr. Field proposes to permit other aviation related businesses to occupy portions of both the east and west-side second floor (approximately 14,000 square feet). Each proposed new business would be required to obtain separate building permits and to operate in accordance with the zoning standards of the Hayward Municipal Code. Such businesses could include an avionics (aviation electronics) servicing shop, a magneto repair facility, a parachute packing company, a pilot's life-vest fabricating shop, or a propeller repair station. Adding these types of aviation facilities to the Hayward Airport will be of benefit to both based and visiting pilots, existing fixed-base-operators and other local aviation businesses.

For over 16 years, through various hangar leases, the prospective lessee has been an airport tenant. Mr. Field has maintained his financial relationship with the City of Hayward in excellent

standing, and there is no record of any hangar compliance disputes. The City's Director of Finance and Internal Services has reviewed the financial statements and tax returns for Mr. Field covering the last three years and finds his financial resources satisfactory to meet the City's requirements.

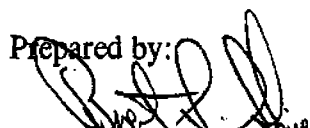
In July of 1998, the City established a methodology for rent standardization and uniformly applies this rent structure to all new Commercial Aviation Site Leases. Accordingly, this policy is applicable to all future leases, including renewals or rent adjustments of existing leases, unless invalidated by the terms and conditions of any existing lease agreement. Some of the key terms of the new lease policy, and incorporated into Mr. Field's lease, are:

1. A standard Land Value (rent) for all users utilizing the same or similar facilities.
2. The term of the lease is for 48 years.
3. Rent adjustment at 5 year intervals based on alternating CPI and market adjustment factors
 - Commencing January 2003, and every 10 years thereafter, there will be a rent adjustment based upon 75% of the Consumer Price Index (CPI) increase from the previous 5-year period with a maximum increase of 7% (cap).
 - Commencing January 2008, and every 10 years thereafter, there will be a periodic appraisal and comparable land value review subject to adjustments determined through an analysis of rental rates, fees and charges of similar aeronautical land at comparable airports in the Northern California region.

The current standardized rental value is \$0.205/sq.ft. per year. The property identified on the site plan contains a total of 87,482 sq.ft. and, therefore, using the applicable rate of \$0.205/sq ft/year, the annual rent will be \$17,934. The term of the lease is for 48 years.

It is staff's position that this proposal represents the most practical and beneficial use for both the City and the tenant and, therefore, recommends that the City Council authorize the execution of the Commercial Aviation Site Lease with William Field.


Prepared by:


Brent S. Shiner, Airport Manager

Recommended by:


Dennis L. Butler, Director of Public Works

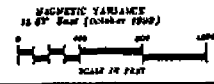
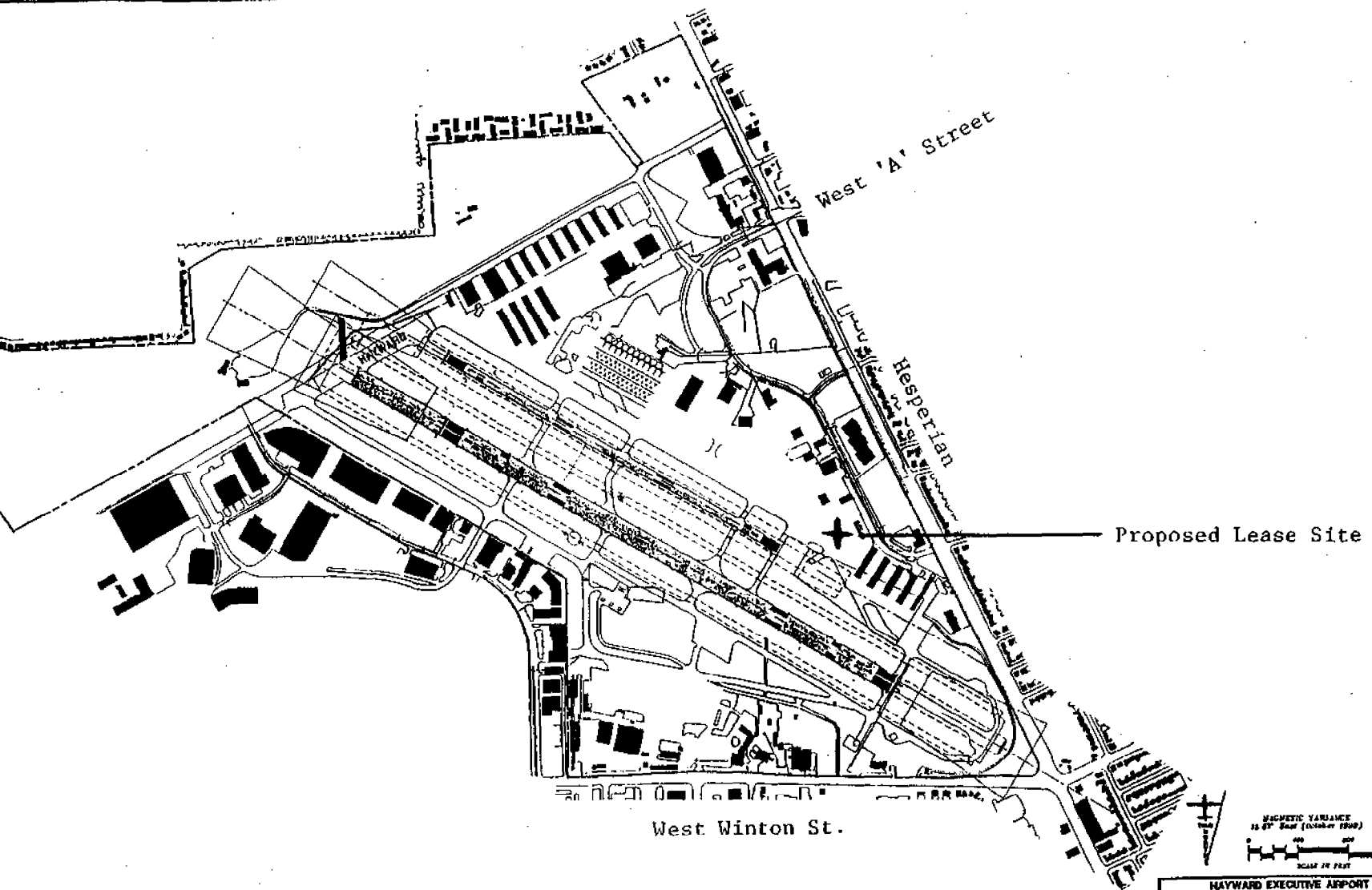
Approved by:


Jesús Armas, City Manager

Attachments:

- Exhibit A Area Map
- Exhibit B Rendering of Hangar

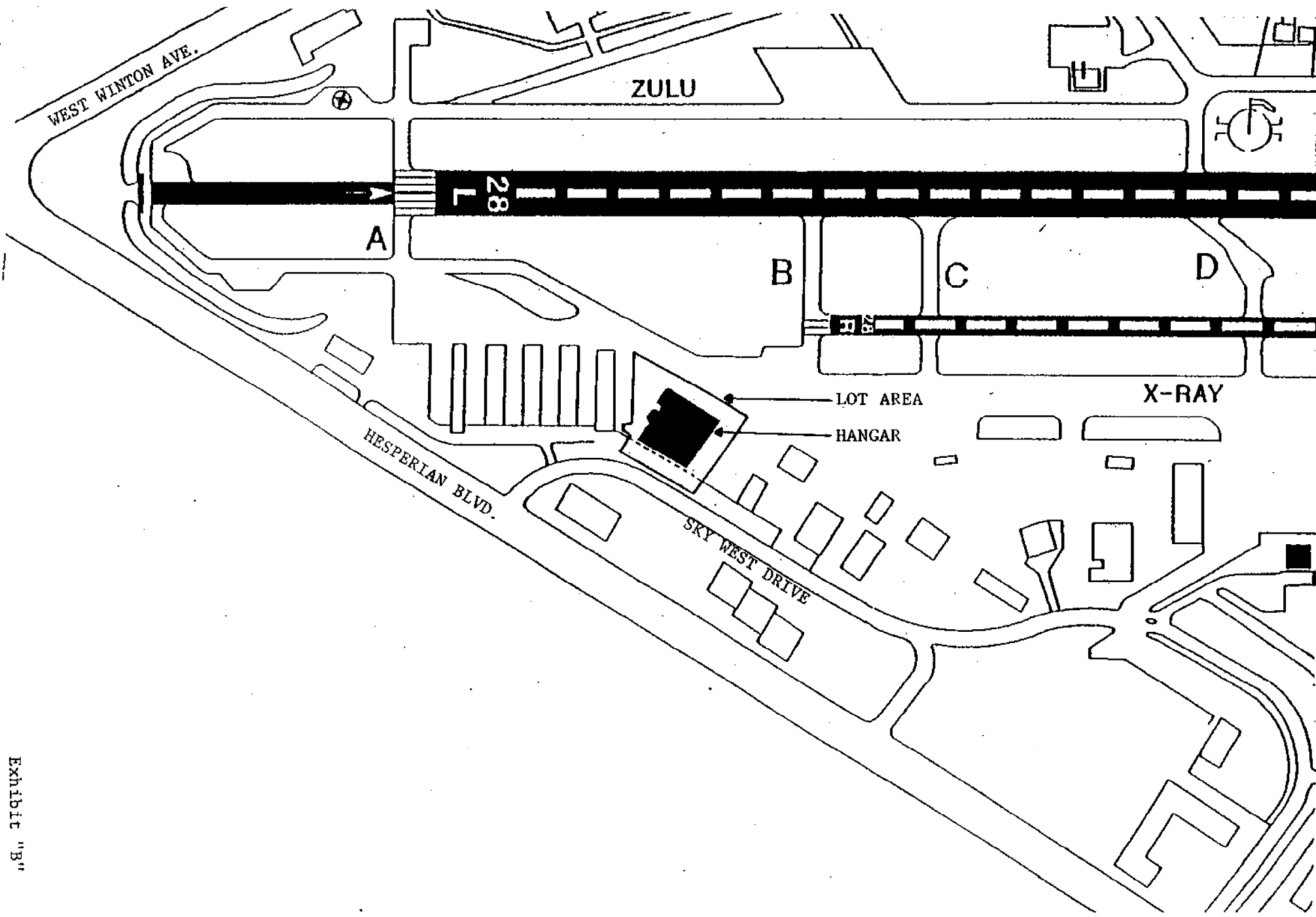
Exhibit "A"

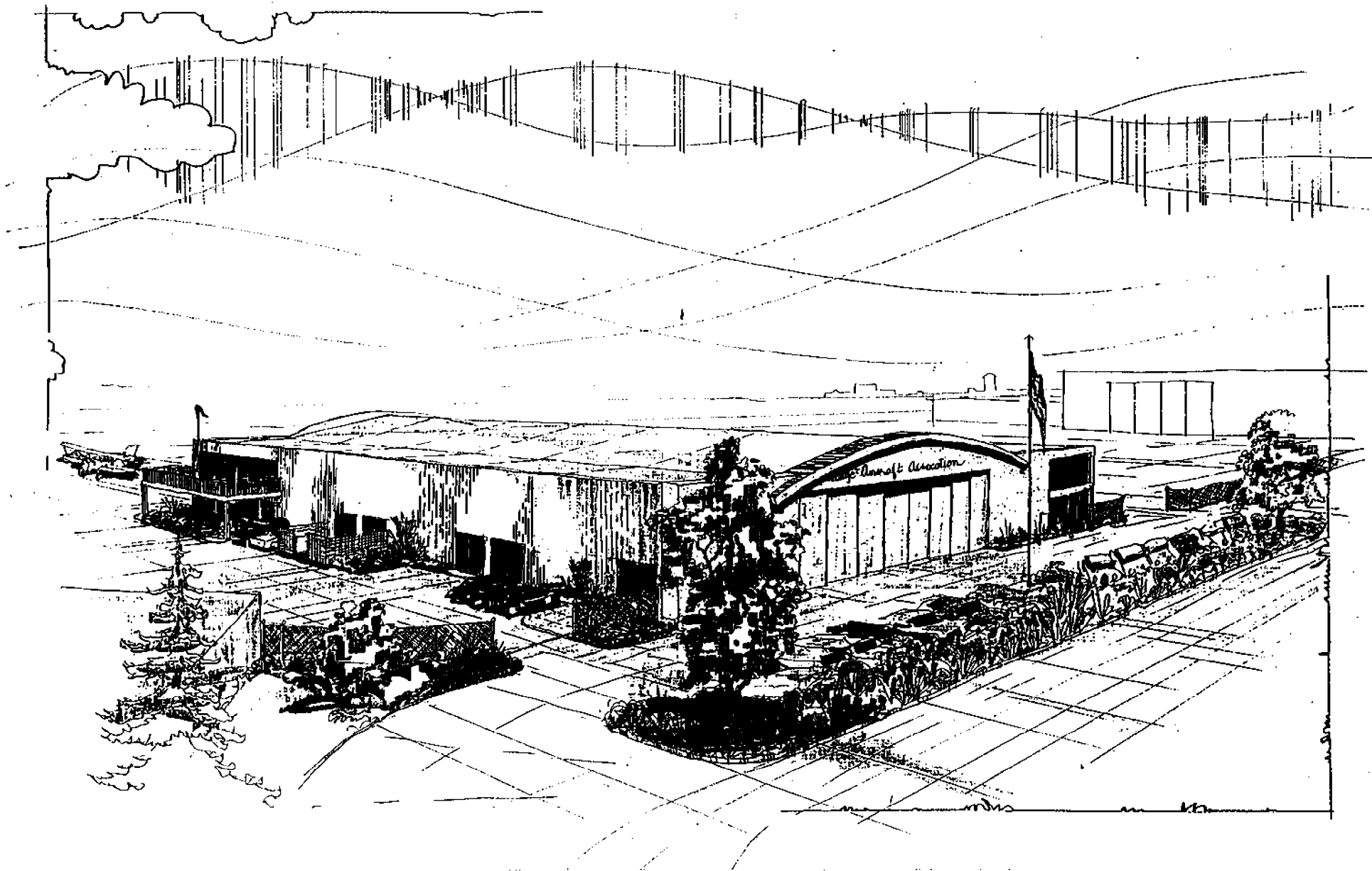


HAYWARD EXECUTIVE AIRPORT

NO.	REVISIONS	DATE	BY	APPROV.
1	Initial	10/1/89	J. Goffman	J. Goffman
2	Revised	10/1/89	J. Goffman	J. Goffman
3	Revised	10/1/89	J. Goffman	J. Goffman
4	Revised	10/1/89	J. Goffman	J. Goffman
5	Revised	10/1/89	J. Goffman	J. Goffman
6	Revised	10/1/89	J. Goffman	J. Goffman
7	Revised	10/1/89	J. Goffman	J. Goffman
8	Revised	10/1/89	J. Goffman	J. Goffman
9	Revised	10/1/89	J. Goffman	J. Goffman
10	Revised	10/1/89	J. Goffman	J. Goffman

Goffman
Associates
Airport Consultants





HAYWARD CITY COUNCIL

RESOLUTION NO. _____

Introduced by Council Member _____

AR
11/16/99

RESOLUTION AUTHORIZING THE CITY MANAGER
TO EXECUTE A COMMERCIAL AVIATION SITE
LEASE WITH WILLIAM FIELD, AN INDIVIDUAL

BE IT RESOLVED by the City Council of the City of Hayward that the City Manager is hereby authorized and directed to execute on behalf of the City of Hayward a Commercial Aviation Site Lease between the City of Hayward and William Field, an individual, a copy of which is on file in the Office of the City Clerk.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 1999

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward